

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: October 22, 2008
Request to Approve Amendment to the Indenture

Prepared by: *Michael Smith*

Applicant: Yulupa Investments, LLC and/or its Affiliates	Action Requested: Indenture Amendment
Project Mendocino and Lake	Application No.: 00801(SB)
Location: Counties	

Summary. Yulupa Investments, LLC and/or its Affiliates (“Yulupa” or “Company”) requests approval to amend the Yulupa Investments, LLC Project Series 2008A Bond (the “Bonds”) Indenture between CPCFA and ~~the~~ The Bank of New York Trust Company, N.A. dated April 1, 2008. The Company requests to purchase the Bonds in lieu of redemption, transfer the Bonds to the Union Bank of California, N.A. (the “Bank”), which is the letter of credit bank, suspend or terminate the letter of credit (the “LOC”), and amend the interest provisions of the Indenture and the Bonds.

Discussion. In March 2008, CPCFA approved the issuance of bonds in the amount not to exceed \$7,830,000; bonds in the amount of \$5,000,000 were issued to the Company to finance solid waste facilities at locations in Ukiah and Lakeport in Mendocino and Lake County. The approved Project included land acquisition, construction, renovation, rehabilitation and/or installation of buildings, facilities and related vehicles and equipment for the processing and disposal of solid waste.

The Company requests to purchase the Bonds in lieu of redemption on November 5, 2008 with proceeds from the LOC issued by the Bank, to remarket the Bonds to the Bank in satisfaction of Yulupa’s reimbursement obligation to the Bank under the LOC, to suspend or terminate the LOC while the Bonds are held by the Bank, and to amend the interest provisions of the Bonds by agreement with the Bank (as LOC provider and as owner of 100% in aggregate principal amount of outstanding Bonds), ~~all in accordance with the current terms of the Indenture.~~

Section 9.01 of the Indenture permits modifications and amendments from time to time as long as there is consent of the Bank and holders of 66-2/3% in aggregate principal amount of the Bonds. The Company has requested that certain provisions of the Indenture be amended and supplemented by adding a new interest rate period during which the Bank will own the Bonds and the obligations of the Bank under the LOC will be suspended or terminated. The Authority and the Trustee will enter into a First Supplemental Indenture to effectuate these amendments.

Staff Recommendation. Staff recommends, contingent upon receipt of documents and opinions required by Section 9.01 of the Indenture, the Authority consent to the request of the Company to amend the Yulupa Investments, LLC Project Series 2008A Indenture between CPCFA and the Bank of New York Trust Company.

RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO AMENDMENTS TO BOND DOCUMENTS
FOR YULUPA INVESTMENTS, LLC

October 22, 2008

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore issued its Variable Rate Demand Solid Waste Disposal Revenue Bonds (Yulupa Investments, LLC Project) Series 2008A (the “Bonds”) in the original principal amount of \$5,000,000 pursuant to an Indenture, dated as of April 1, 2008 (the “Indenture”), between the Authority and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”); and

WHEREAS, the Authority loaned the proceeds of the Bonds to Yulupa Investments, LLC, a California limited liability company (the “Borrower”), pursuant to a Loan Agreement dated as of April 1, 2008 (the “Loan Agreement”), to provide financial assistance for the acquisition, construction, improvement, renovation, rehabilitation and/or installation of land, buildings, facilities and related vehicles and equipment for the processing and disposal of solid waste, all of which are to be used to serve the Borrower’s customers and/or its Affiliates’ customers throughout their service territories in Mendocino and Lake Counties, California; and

WHEREAS, the Bonds are secured by a Letter of Credit (the “Letter of Credit”) from Union Bank of California, N.A. (the “Bank”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Indenture may be modified or amended from time to time by the Authority and the Trustee with the consent of the Bank and of holders of 66-2/3% in aggregate principal amount of the Bonds; and

WHEREAS, the Borrower has requested that certain provisions of the Indenture be amended and supplemented by adding a new interest rate period during which the Bank will own the Bonds pursuant to Section 4.02(B) of the Indenture and the obligations of the Bank under the Letter of Credit will be suspended or terminated; and

WHEREAS, the Authority and the Trustee will enter into a First Supplemental Indenture, dated as of November 1, 2008 (the “First Supplemental Indenture”), in order to effectuate the amendments, supplements and modifications contemplated hereby; and

Agenda Item 4.B.1.

WHEREAS, Union Bank of California, N.A., will consent to such amendments and supplements as set forth in the First Supplemental Indenture in its capacity as Bank and as owner of 100% aggregate principal amount of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Authority finds and determines that the above recitals are true and correct.

Section 2. The Authority hereby approves the form of a First Supplemental Indenture as submitted to the Authority, and authorizes the Chairman or any Deputy to the Chairman, together with the Executive Director ~~or Deputy Executive Director~~ of the Authority to execute the First Supplemental Indenture, with such modifications as may be deemed necessary and appropriate in the judgment of the officers executing the same and with the advice of the Attorney General, which modifications shall be conclusively deemed to be approved by the execution of the First Supplemental Indenture by such officers. Notwithstanding the foregoing, the First Supplemental Indenture shall only be delivered by such officers upon receipt of (i) the written approval of Union Bank of California, N.A., as the Bank and as owner of 100% aggregate principal amount of the Bonds, (ii) the written approval of the Borrower, and (iii) an opinion of Bond Counsel that the execution and delivery of the First Supplemental Indenture providing for the amendments and modifications herein contemplated is permitted by the Indenture and will not, in and of itself, adversely affect the tax-exempt status of the Bonds.

Section 3. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates, including one or more tax certificates or supplemental tax certificates, they may deem necessary or advisable in order to consummate the amendments of and supplements to the Indenture and otherwise to effectuate the purpose of this resolution.

Section 4. This resolution shall take effect immediately upon its passage.